

Washington State Auditor's Office
Accountability Audit Report

**Central Puget Sound
Regional Transit Authority
(Sound Transit)
King, Pierce and Snohomish Counties**

Audit Period
January 1, 2002 through December 31, 2002

Report No. 65813

Issue Date
December 26, 2003



Washington
State Auditor
Brian Sonntag

Audit Summary

Sound Transit King, Pierce and Snohomish Counties January 1, 2002 through December 31, 2002

ABOUT THE AUDIT

This report contains the results of our independent accountability audit of Sound Transit for the period January 1, 2002, through December 31, 2002.

We performed audit procedures to determine whether Sound Transit complied with state laws and regulations and its own policies and procedures. Our work focused on specific areas that have potential for abuse and misuse of public resources.

RESULTS

Sound Transit complied with state laws and regulations and its own policies and procedures in the areas examined.

RELATED REPORTS

Sound Transit contracted to have its financial statements and federal programs audited by a private certified public accounting firm. The financial statements and audit report prepared by that firm are available from Sound Transit upon request.

CLOSING REMARKS

We thank Sound Transit officials and personnel for their assistance and cooperation during the audit.

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King, Pierce and Snohomish Counties
January 1, 2002 through December 31, 2002**

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Description of Sound Transit

Sound Transit King, Pierce and Snohomish Counties January 1, 2002 through December 31, 2002

ABOUT SOUND TRANSIT

In 1992, the Washington State Legislature authorized King, Pierce and Snohomish counties to create a single agency to plan, build and operate a high-capacity transit system within the region's most heavily used travel corridors. During 1993, the Central Puget Sound Regional Transit Authority was established under the name Sound Transit.

In 1996, Sound Transit proposed and the voters adopted a ballot measure that created the 10-year regional transit system plan. This plan included two new rail systems (electric light-rail and commuter rail), regional express bus routes and a high-occupancy-vehicle expressway.

In 1999, Sound Transit began its transition from a planning to an operational agency by establishing regional bus routes linking Pierce and King counties. In addition, locomotives and passenger rail cars were purchased for the heavy rail system and sites were secured for rail station locations and Sound Transit's administrative offices.

Sound Transit is supported primarily through sales taxes, state motor vehicle taxes, rental car taxes, passenger fares, bond proceeds, and grant funding from federal and state agencies. Sound Transit's 2003 budget totals approximately \$676 million, and includes approximately \$555 million in capital outlay. Sound Transit has more than 260 full-time employees.

Sound Transit is governed by an 18-member Board, appointed by the executives of member counties and confirmed by the council of each member county. Membership is based on the population from that portion of each county within Sound Transit's service area.

AUDIT HISTORY

We have audited Sound Transit annually since 1995. Sound Transit has had no findings over the last five years.

ELECTED OFFICIALS

These officials served during the audit period:

Board Members

Chair

Vice Chair

Vice Chair

Ron Sims, King County Executive

David Earling, City of Edmonds Council President

John Ladenburg, Pierce County Executive

David Enslow, City of Sumner Council Member

Dwight Pelz, King County Council Member

Robert Drewel, Snohomish County Executive

Claudia Thomas, City of Lakewood Deputy Mayor

Mary Gates, City of Federal Way Council Member

Jane Hague, King County Council Member

Mark Olson, City of Everett Council Member

Richard McIver, City of Seattle Council Member
Julia Patterson, King County Council Member
Douglas MacDonald, WSDOT Secretary
Greg Nickels, City of Seattle Mayor
Cynthia Sullivan, King County Council Chair
Chuck Mosher, City of Bellevue Council Member
Jack Crawford, City of Kenmore Council Member
Kevin Phelps, City of Tacoma Council Member

APPOINTED OFFICIALS

Chief Executive Officer
Deputy Chief Executive Officer
Chief Financial Officer

Joni Earl
Vernon Stoner
Hugh Simpson

ADDRESS

Sound Transit

401 South Jackson Street
Seattle, WA 98104
(206) 398-5000
www.soundtransit.org

Audit Areas Examined

Sound Transit King, Pierce and Snohomish Counties January 1, 2002 through December 31, 2002

In keeping with general auditing practices, we do not examine every portion of Sound Transit's financial activities during each audit. The areas examined were those representing the highest risk of noncompliance, misappropriation or misuse. Other areas are audited on a rotating basis over the course of several years. The following areas of Sound Transit were examined during this audit period:

ACCOUNTABILITY FOR PUBLIC RESOURCES

We evaluated Sound Transit's accountability in the following areas:

- Cash receipting
- Accounts receivable
- Payroll
- Purchase of goods and services

LEGAL COMPLIANCE

We audited the following areas for compliance with certain applicable state and local laws and regulations:

- Use of restricted funds
- Risk management/insurance coverage
- Open Public Meetings Act
- Debt limitation
- Allowable expenditures
- Bond covenants
- Procurement of contract service
- Community Development Fund
- Credit card usage
- Competitive bidding requirements
- Public works contracts, including change orders, bonding requirements and prevailing wages
- Sub-area equity